

Note 25 - Income tax

Parent Bank			Group	
2017	2018	(NOK million)	2018	2017
2,236	2,379	Result before tax	2,382	2,269
-630	-535	+/- permanent differences *	-443	-242
-215	-228	+/- change in temporary differences as per specification	-205	-
-	-	+ deficit to be brought forward	0	45
1,391	1,615	Year's tax base/taxable income	1,733	2,073
348	404	Tax payable on profit for the year	462	378
-11	-14	Reduced tax payable due to hybrid capital dividends	-14	-11
337	389	Taxes payable in balance sheet	448	367
348	404	Tax payable on profit for the year	462	378
55	52	+/- change in deferred tax	47	72
403	456	Tax charge for the year	509	450
Change in net deferred tax liability				
55	52	Deferred tax shown through profit/loss	47	72
-2	5	Deferred tax shown through equity	4	1
		Reclassification tax payable/deferred tax*	12	
54	57	Total change in net deferred tax liability	63	72

* Due to group contribution

Deferred tax in balance sheet			Deferred tax in balance sheet	
2017	2018	Composition of deferred tax carried in the balance sheet (NOK million)	2018	2017
6	-	Temporary differences:		
-	-	- Business assets	194	199
134	158	- Leasing items	288	250
221	188	- Pension liability	161	148
79	219	- Securities	189	225
-	-	- Hedge derivatives	219	79
-	-	- Other temporary differences	4	5
440	565	Total tax-increasing temporary differences	1,055	906
110	141	Deferred tax	263	226
-2	-2	Temporary differences:		
-	-	- Business assets	-16	-14
-28	-	- Pension liability	-	-
-267	-209	- Securities	-	-28
-38	-21	- Hedge derivatives	-209	-267
		- Other temporary differences	-117	-94
		- Deficit carried forward	-840	-867
-335	-232	Total tax-decreasing temporary differences	-1,182	-1,271
-84	-58	Deferred tax asset	-292	-317
25	82	Net deferred tax (-asset)	-28	-92

The above table comprises temporary differences from all consolidated companies shown gross. At the company level tax-increasing and tax-reducing temporary differences are shown net. At the group level recognition is on a gross basis in conformity with IAS 12 with each company being presented separately in the calculation of the Group's tax benefit and deferred tax:

	2018	2017
Tax benefit recorded 31.12	175	155
Deferred tax recorded 31.12	-147	-85

Recognised in income statement		Composition of deferred tax recognised in the income statement (NOK million)	Recognised in income statement	
2017	2018		2018	2017
-12	7	Temporary differences:	5	13
-	-	- Business assets	-38	-52
37	-6	- Leasing items	6	10
-280	48	- Pension liability	36	-200
-236	-51	- Securities	-58	280
-20	-17	- Hedge derivatives	0	-4
-511	-18	- Other temporary differences		
-128	-5	Total tax-increasing temporary differences	-49	47
		Deferred tax	-12	11
-	-	Temporary differences:	2	-
-	-0	- Business assets	-	-
4	-42	- Pension liability	-28	-83
288	-149	- Securities	-140	-227
-	-	- Hedge derivatives	-7	-158
-	-	- Other temporary differences	28	124
293	-191	- Deficit carried forward		
73	-48	Total tax-decreasing temporary differences	-145	-344
-	-	Deferred tax asset	-36	-83
-55	-52	Change in tax rate	2	0
		Net	-47	-72

2017	2018	Reconciliation of tax charge for the period recognised against profit and loss to profit before tax	2018	2017
559	595	25 % of profit before tax	659	639
-158	-134	Non-taxable profit and loss items (permanent differences) *	-158	-191
2	-5	Tax effect of costs reflected in equity	-1	-
		Change in tax rate	1	1
		Change in tax assets not recognised	7	-
403	456	Tax for the period recognised in the income statement	509	450
18 %	19 %	Effective tax rate	21 %	20 %

* Includes non-deductible costs and and deduction for profit share related to associates and joint ventures (profit shares are taken out having already been taxed at the respective companies).